

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 884 - SB 1070

March 19, 2015

SUMMARY OF BILL: Authorizes the sale of Class C common fireworks in Shelby County.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$300,000

Increase Local Revenue – \$117,000

Assumptions:

- Based on information provided by the Department of Commerce and Insurance for similar legislation in 2013, any increase in state expenditures to issue additional firework permits will not be significant.
- In 2013, the Department of Revenue (DOR) confirmed that Rutherford County was the largest Tennessee county permitting fireworks sales.
- Based on information provided by DOR in 2013, state sales tax collections from fireworks sales in Rutherford County for FY11-12 were approximately \$100,000; local sales tax collections were approximately \$39,000.
- Based on U.S. Census estimates, Shelby County's population is approximately three times greater than Rutherford County's population.
- A recurring increase in state revenue estimated to be \$300,000 ($\$100,000 \times 300\%$); a recurring increase in local government revenue estimated to be \$117,000 ($\$39,000 \times 300\%$).

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds \$417,000

Increase Business Expenditures - \$417,000

Assumptions:

- . Authorizing the sale of Class C common fireworks in Shelby County will create market entrants.

HB 884 - SB 1070

- The recurring increase in business expenditures as such market entrants pay taxes is estimated to be \$417,000 (\$300,000 state taxes + \$117,000 local taxes).
- It is presumed that the recurring increase in business revenue exceeds the recurring increase in business expenditures such that the market entrants will have solvent operations within Shelby County. Thus, a recurring increase in business revenue exceeding \$417,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding", written in a cursive style.

Jeffrey L. Spalding, Executive Director

/maf